



HQDA OACSIM Plans and Operations



Objective

Present information regarding Army real property preparation for financial audit and business enterprise transition





What is an Audit?

An audit is a formal examination of an organization's accounts, financial situation or compliance with applicable terms, laws, and regulations

Accountability is a principle that individuals or organizations are responsible for actions and may be required to explain them to others





Why is this Audit different?

- **Chief Financial Officers Act of 1990 – for all Federal Agencies**
 - Established position of Chief Financial Officer
 - Required complete set of annual, audited financial statements
 - Enhanced Federal financial management activities
- **EO 13327, Federal Real Property Asset Management – for all Federal Agencies, February 2004**
 - Established position of Senior Real Property Officer
 - Established Federal Real Property Council to develop guidance
 - Completely revising Federal real property reporting and performance metrics
 - Addresses legal, physical, and financial aspects of real property



Who else is interested in Real Property?

President's Management Agenda (PMA) and Federal Real Property Council

Department of Defense - Executive Branch Management Scorecard - 30 Sep 2006

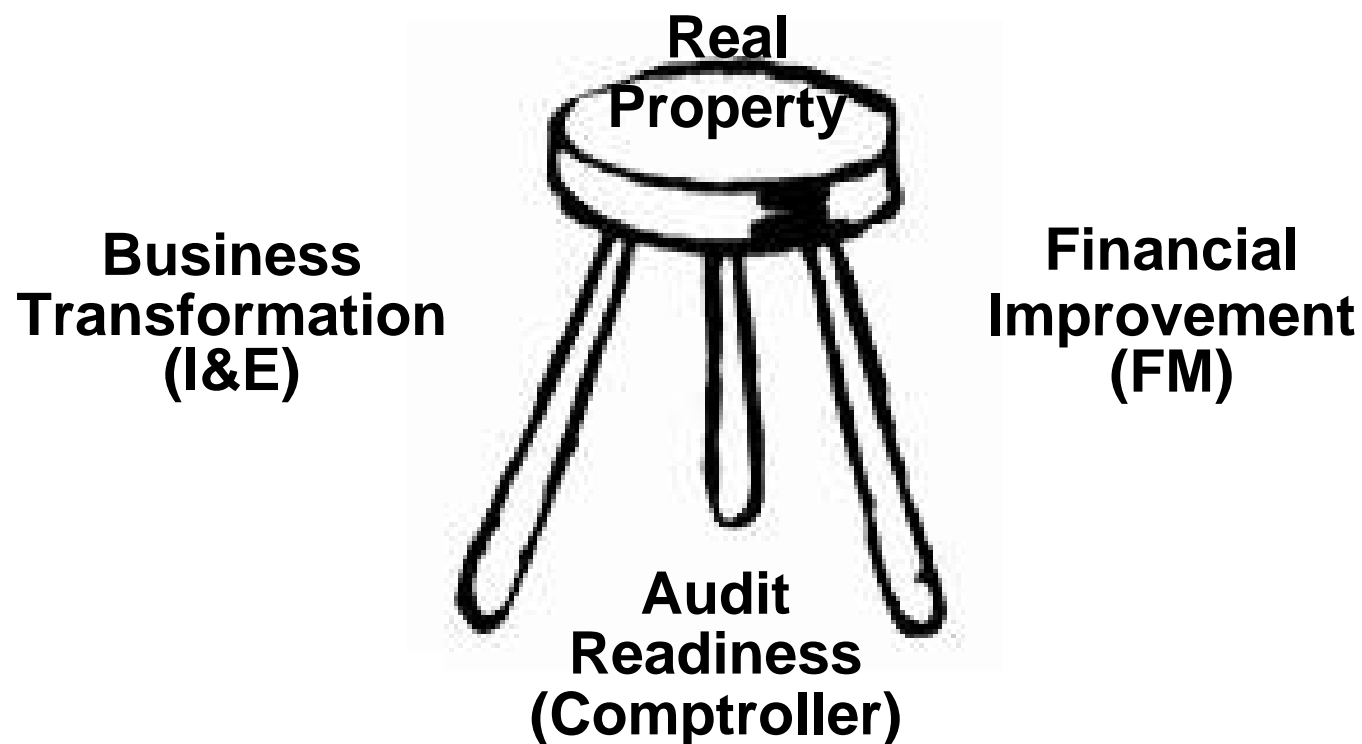
- Financial Performance
 - Current status is **red**
 - Implementation progress is **green**
- Real Property Asset Management
 - Current status is **yellow**
 - Implementation progress is **yellow**

Federal Real Property Council IAW Office of Management and Budget (OMB)

- Implemented 24+ data elements and new format
- Four **performance measures:** Utilization rate, Mission dependency, Condition index, O&M from FOM model



Working Towards a Common Goal

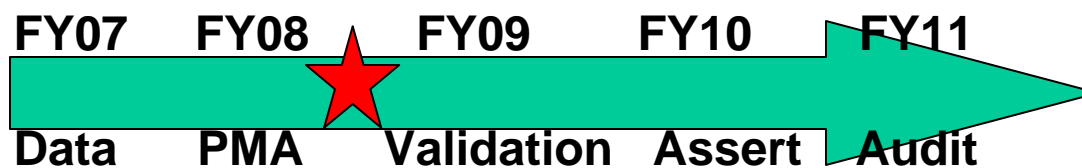




Synchronizing plans and timelines

- Army Chief Financial Officers (CFO) Strategic Plan
- OUSD(C) Financial Improvement and Audit Readiness (FIAR) Plan
- DUSD(I&E) Enterprise Transition Plans (ETP) ★
 - Implementing plan for DoD's reengineered end-to-end business processes
 - Implementing change: systems, data, sustainable processes, policy and training

President's Management Agenda, EO 13327 and audit assertion are driving dates





Property, Plant and Equipment (PP&E) and Real Property

Financial community refers to **PP&E**

- Includes *real property*, *construction-in-progress*, general equipment, military equipment, *capital leaseholds*, *leasehold improvements*, internal use software

Functional community refers to **real property**

- Land and improvements to land not easily separated from the land
- Includes equipment affixed and built into the facility as an integral part of the facility
- Real estate transactions – planning, acquisition, management, disposal, reporting and data archive – are processes that create assets



Army Real Property Worldwide

Owned, leased or otherwise use and occupied

Scope of effort
larger than
just IMCOM
installations

Store front
Recruiting
Offices



Reserve and Readiness
Centers

Roads



Civil Works
Hydropower



Government Owned
Contractor Operated



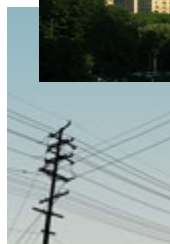
Inleased Locations
Office, warehousing and
other space



Govt owned
tower and land



Joint
Use



Utility Lines



Private owner Government land

Civil Works Flood Control
and Military Recreation
Areas



Army owned bldg



AAFES and commissaries



on leased land

Subsurface interest



Down Range Locations



Civil Works Locks and Dams



Navy, AF, and Defense
Agencies Tenants



What will Auditors Review?

Substantiating documentation supports inventory and *valuation* activities, such as debit and credit entries on accounting records from the time property is placed in service in the Army inventory with a source document until the property is disposed and dropped from the inventory.

Facility audit file should include or provide reference to directives, approvals to acquire, fund cites, environmental reports, negotiator's report, appraisals or Government estimates, DD Forms 1354 and 337, outgrants, ingrants, contracts, work orders, capital improvement info, whatever supports the life-cycle chain of information.

Partners are from many communities: Active components, Army Reserve, National Guard, USACE, Resource Management, DPW, contracting office, tenants, etc.



What if we threw it away?

- Every effort must be made to find documentation
- OUSD(C) Memo, dtd 2 Oct 2006, subject: Army Real Property Baseline Methodology for Estimating Cost, approved exception valuation method
- Valuation without documentation
 - Engineering estimate
 - Depreciated PRV
 - Similar assets with documentation
- Attestation Memo must be on file for each asset



What are we doing?

- Existence and completion inventory reviews
- Systems changes
- Sustainable business processes
- Utilization rate surveys
- Data quality assurance and correction
- Policy changes
- Training – Real Estate and Real Property communities and Garrison Commanders



What and with whom are we reconciling?

- Other Services and WHS data
- DoD Agencies and tenants
- Environmental Liabilities
- Privatized housing and utilities
- Outgrants and ingrants
- Grant supporting contracts
- Cultural and historic information
- Construction-in-progress (CIP)
- Linear structures (roads, utilities, etc.)
- Geographical Information Systems and audited maps





What are our challenges?

- Comprehensive scope of effort
 - cradle to grave
 - worldwide inventory
- Loss of current institutional knowledge as aging workforce retires
- Largest business transformation in Federal Real Property history
- Unresourced plan to leverage USACE real property expertise in legal, physical and financial arenas



QUESTIONS ?

